

THIRTY-SECOND DAY

(Monday, March 14, 1955)

The Senate met at 10:30 o'clock a. m., pursuant to adjournment, and was called to order by the President Pro Tempore.

The roll was called and the following Senators were present:

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Latimer	Strauss
Lock	Wagonseller
Martin	Willis
McDonald	

Absent—Excused

Lane	Weinert
Shireman	

A quorum was announced present.

Reverend W. H. Townsend, Chaplain, offered the invocation as follows:

O God, the Father of our Lord and Savior Jesus Christ, we thank Thee for the gift of Thy Son, a man of sorrows, and acquainted with grief; for it was by his sorrows we are saved. Give us grace for all our grief, and teach us that if we suffer with Him we shall also reign with Him. In His name we pray. Amen.

On motion of Senator Aikin, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, March 10, 1955, was dispensed with and the Journal was approved.

Leaves of Absence

Senator Weinert was granted leave of absence for today on account of important business on motion of Senator Hardeman.

Senator Shireman was granted leave of absence for today on account of important business on motion of Senator Fuller.

Senator Lane was granted leave of absence for today and the remain-

der of the week on account of illness on motion of Senator Aikin.

Message from the House

Hall of the House of Representatives,
Austin, Texas,
March 14, 1955.

Hon. Ben Ramsey, President of the Senate.

Sir: I am directed by the House to inform the Senate that the House has passed the following:

S. C. R. No. 30, Hon. Frank G. Clement be invited to address a Joint Session of the Legislature.

S. B. No. 55, A bill to be entitled "An Act authorizing and empowering the Board of Directors of the Agricultural and Mechanical College of Texas acting by the Chancellor thereof to execute and deliver a deed to certain land in Angelina County, Texas, conveying said land to the Hudson Independent School District of Angelina County, Texas; providing for the acceptance and reservation unto the Board of Directors of the Agricultural and Mechanical College of Texas of all fissionable materials and all oil, gas, and other minerals of whatever nature upon, in, or under said land; providing a reversionary clause in said deed to the effect that if the said land ceases to be used by the Hudson Independent School District for school purposes it shall revert to the Grantor, the said Board of Directors of the Agricultural and Mechanical College of Texas; providing for approval of the form of such conveyance by the Attorney General; and declaring an emergency."

S. B. No. 153, A bill to be entitled "An Act to amend Acts of 1945, 49th Legislature, Page 559, Chapter 340, Section 24, relating to the location of cemeteries so as to permit the establishment and use of columbariums in connection with church buildings within certain limits; and declaring an emergency."

(With amendment.)

The House has concurred in Senate amendments to House Bill No. 74 by viva voce vote.

S. B. No. 59, A bill to be entitled "An Act relating to the salary of the Judge of the El Paso County Court at Law; amending Section 11 of Chapter 93, Acts of the — Legislature, 1917, as amended; and declaring an emergency."

S. B. No. 144, A bill to be entitled "An Act amending Subsection 12 of Section II of Article I, and all of Section IV of Article I of Chapter 24, Acts of the Regular Session of the 51st Legislature, which amended Chapter 75, Acts of the Regular Session of the 50th Legislature, relating to the Texas Municipal Retirement System; and declaring an emergency."

H. B. No. 305, A bill to be entitled "An Act amending Section 15 of Article III of House Bill No. 20, Chapter 173, Acts of the Forty-seventh Legislature, Regular Session, 1941, as amended by Section 1 of House Bill No. 234, Chapter 124, page 209, Acts of the 52nd Legislature, Regular Session, 1951, relating to the disposition of fees collected for the issuance of chauffeur's licenses, commercial operator's licenses, and operator's licenses, by the Texas Department of Public Safety; amending Section 19 of Article III of House Bill No. 20, Chapter 173, Acts of the Forty-seventh Legislature, Regular Session, 1941, as amended by Section 2 of House Bill No. 234, Chapter 124, page 209, Acts of the 52nd Legislature, Regular Session, 1951, by increasing the fee for chauffeur's licenses, commercial operator's licenses and operator's licenses; providing for the disposition of such fees; repealing all inconsistent laws; and declaring an emergency."

H. B. No. 61, A bill to be entitled "An Act amending Article 4632 of the Revised Civil Statutes of Texas, 1925, so as to increase from 30 days to 90 days the period of time which must expire after suit is filed before a suit for divorce may be heard or divorce granted; excepting suits which are pending on the effective date of the Act; and declaring an emergency."

H. B. No. 85, A bill to be entitled "An Act amending subsection 1 (b) of Section 8, Chapter 42, Acts of the 41st Legislature, Second Called Session, as amended, relating to operation by vehicles on highways; defining the term 'light commercial vehicle' and fixing maximum speed limits for light commercial vehicles; and declaring an emergency."

H. B. No. 130, A bill to be entitled "An Act amending Article 7492 of Chapter 1 of Title 128 of the Revised Civil Statutes of Texas, 1925, as amended by Chapter 358, Acts of the 53rd Legislature, 1953, so as to add

the additional requirement that every one desiring to store, impound or retard the storm and floodwaters of the State shall obtain a permit from the Texas Water Commission before commencing construction of such water projects; exempting structures impounding two hundred (200) acre-feet of water or less under certain conditions and for certain purposes; containing a provision protecting riparian rights; repealing all conflicting laws; providing a savings clause; and declaring an emergency."

With engrossed rider.

Respectfully submitted,
DOROTHY HALLMAN,
Chief Clerk, House of Representatives.

Senate Resolution 108

Senator Phillips offered the following resolution:

Whereas, We are honored today to have in the gallery the American History students of the Brazosport Senior High School of Freeport, accompanied by E. L. Blair and Mrs. Polson; and

Whereas, These students and guests are on an educational tour of the Capitol Building and the Capital City; and

Whereas, This fine class of young American citizens are here to observe and learn firsthand the workings of their State Government; now, therefore, be it

Resolved, That we officially recognize and welcome this class and commend them for their interest, and that a copy of this resolution, properly endorsed, bearing the official seal of the Senate, be mailed to them in recognition of their visit.

The resolution was read and was adopted.

Senator Phillips, by unanimous consent, presented the students and Mrs. Polson and Mr. Blair to the Members of the Senate.

Senate Concurrent Resolution 32

Senator Parkhouse offered the following resolution:

S. C. R. No. 32, Extending congratulations to Radio Station WFAA and the "Early Birds" on Twenty-fifth Anniversary.

Whereas, On March 28, 1955, Radio Station WFAA at Dallas will com-

memorate the twenty-fifth anniversary of the "Early Birds," the oldest live talent breakfast hour program in the United States, broadcast continuously each week Monday through Saturday for twenty-five years and now broadcast on Sundays as well; and

Whereas, The musicians, singers, comedians and other personalities of this program have endeared themselves and brought happiness to thousands of listeners in Texas and the entire Southwest by their music, songs, humor and cheerful bits of philosophy; and

Whereas, Such an anniversary is of general public interest and a significant accomplishment in radio broadcasting and public service; now, therefore, be it

Resolved, by the Senate of the 54th Legislature of Texas, the House of Representatives concurring, that the Texas Legislature does hereby extend sincere congratulations to Radio Station WFAA and the performers of the "Early Birds" for the entertainment and many hours of pleasure which they have given to thousands of listeners in Texas and the Southwest; and be it further

Resolved, That an official copy of this Resolution be sent to Radio Station WFAA at Dallas.

The resolution was read.

On motion of Senator Parkhouse, and by unanimous consent, the resolution was considered immediately and was adopted.

Senate Bill 351 on First Reading

Senator Phillips moved that Senate Rule 114 and Section 5 of Article III of the State Constitution be suspended to permit his introducing at this time, a bill, the provisions of which he explained.

The motion prevailed by the following vote:

Yeas—28

Aikin	Martin
Ashley	McDonald
Bracewell	Moffett
Colson	Moore
Corbin	Owen
Fly	Parkhouse
Fuller	Phillips
Hardeman	Ratliff
Hazlewood	Roberts
Kazen	Rogers
Kelley	of Childress
Latimer	Rogers of Travis
Lock	Secrest

Strauss
Wagonseller

Willis

Absent—Excused

Lane
Shireman

Weinert

The following bill was then introduced, read first time and referred to the committee indicated:

By Senator Phillips:

S. B. No. 351, A bill to be entitled "An Act validating Galveston County Navigation District No. 1; validating the election held Jan. 30, 1954, for the creation of said District and the issuance of bonds thereof and the levy of a tax for said bonds, and validating all proceedings relating to said election and creation and bonds, and validating said bonds, and providing that said bonds when approved by the Attorney General, registered by the Comptroller, and delivered to the purchaser or purchasers, shall be incontestable; validating governmental proceedings and acts performed by the governing board of said district and all officers thereof and by county officials and municipal officials in connection with said District; validating the area and boundary lines of said District; declaring that said district is one established and created under Sec. 59, Art. XVI, Constitution of Texas, and necessary to carry out the provisions of said Sec. 59, and that all land and other property within District are benefited by creation of said District and will be benefited by carrying out of the purposes for which the District was created and by the acquisition and construction of the navigation facilities and improvements to carry out such purposes; providing that no power or authority be granted over the appointment, remuneration, operations or conduct of the Branch Pilots of the Galveston Bar or pilots of the Galveston Bar; providing that this act shall not apply to pending litigation in which the validity of creation of the District or of said bonds is involved if such litigation is ultimately determined against the legality thereof; providing a severability clause; and declaring an emergency."

To the Committee on Counties and County Boundaries.

Senate Bill 352 on First Reading

Senator Phillips moved that Senate Rule 114 and Section 5 of Article III

of the State Constitution be suspended to permit his introducing at this time, a bill, the provisions of which he explained.

The motion prevailed by the following vote:

Yeas—27

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hazlewood	Rogers
Kazen	of Childress
Kelley	Rogers of Travis
Latimer	Secrest
Lock	Strauss
Martin	Wagonseller
McDonald	Willis

Nays—1

Hardeman

Absent—Excused

Lane	Weinert
Shireman	

The following bill was then introduced, read first time and referred to the committee indicated:

By Senator Phillips:

S. B. No. 352, A bill to be entitled "An Act making an emergency supplemental appropriation of not to exceed \$495,000.00 from the State Treasury for the support, operation, maintenance, and salaries of employees of the Medical Branch of The University of Texas, including hospitals and medical clinics at Galveston for the remainder of the present fiscal year ending August 31, 1955; and declaring an emergency."

To the Committee on Finance.

Senate Bill 353 on First Reading

Senator Martin moved that Senate Rule 114 and Section 5 of Article III of the State Constitution be suspended to permit his introducing at this time, a bill, the provisions of which he explained.

The motion prevailed by the following vote:

Yeas—28

Aikin	Colson
Ashley	Corbin
Bracewell	Fly

Fuller	Parkhouse
Hardeman	Phillips
Hazlewood	Ratliff
Kazen	Roberts
Kelley	Rogers
Latimer	of Childress
Lock	Rogers of Travis
Martin	Secrest
McDonald	Strauss
Moffett	Wagonseller
Moore	Willis
Owen	

Absent—Excused

Lane	Weinert
Shireman	

The following bill was then introduced, read first time and referred to the committee indicated:

By Senator Martin:

S. B. No. 353, A bill to be entitled "An Act restoring to the County Court of Hill County original jurisdiction in matters of eminent domain; transferring from the District Court in Hill County to the County Court of Hill County, original jurisdiction in matters of eminent domain; making other provisions relating to such transfer; providing a severability clause; and declaring an emergency."

To the Committee on Counties and County Boundaries.

Presentation of Guests

Senator Willis, by unanimous consent, presented students of the Kennedale School of Tarrant County with their teacher, Mr. Jack Vereen and Mr. B. E. Lansford, Mrs. Loflin and Mrs. Wyatt, sponsors, to the Members of the Senate.

Senate Resolution 110

Senator Kazen offered the following resolution:

Whereas, the Honorable Albert Martin, a native son of a pioneer family in the city of Laredo, was recently selected as the outstanding South Texas Citizen by the Washington's Birthday Celebration Association of that city; and

Whereas, the Honorable Albert Martin, a direct descendent of Don Tomas Tadeo Sanchez, the founder of the city of Laredo, has throughout his entire lifetime, demonstrated and emulated the noble qualities of his ancestor, the founder of Laredo; and

Whereas, the Honorable Albert

Martin, on April 29, 1914, was married to the charming and gracious Miss Agnes Nelson, daughter of Mr. and Mrs. Leonard Nelson, which union has been an inspiration to their friends; and

Whereas, the Honorable Albert Martin served his nation with honor and distinction in World War I as a Second Lieutenant in the Tank Corps of the Army; and

Whereas, the Honorable Albert Martin has, by his achievements, contributed in an outstanding manner to the political, social, economic and industrial growth of South Texas, as evidenced by his fourteen years of service as Mayor of the city of Laredo, as a Director of the Texas-Mexican Railway Company, as a Director of the Union National Bank, as a member of the Board of Trustees of A&I College at Kingsville under appointment by the Governor of Texas, as a charter member of Laredo Post 59 of the American Legion, having served as its Adjutant, as a member of the Southwest Texas Cattle Raisers Association, and as a prominent business man in the city of Laredo; now, therefore, be it

Resolved that this outstanding citizen of Texas be fittingly recognized by his fellow Texans for his dedicated service to his City, State and Nation, in order that he may know that the tendrils of esteem flow firmly from the hearts of his friends and acquaintances throughout our State, and be it further

Resolved, That a copy of this Resolution be forwarded to him.

KAZEN

Signed—Ben Ramsey, Lieutenant Governor; Aikin, Ashley, Bracewell, Colson, Corbin, Fly, Fuller, Hardeman, Hazlewood, Kelley, Lane, Latimer, Lock, Martin, McDonald, Moffett, Moore, Owen, Parkhouse, Phillips, Ratliff, Rogers of Childress, Rogers of Travis, Roberts, Secrest, Shireman, Strauss, Wagonseller, Weinert, Willis.

The resolution was read.

On motion of Senator Phillips the names of the Lieutenant Governor and all the Senators were added to the resolution as signers thereof.

The resolution was then adopted.

(President in the Chair.)

Presentation of Guests

Senator Rogers of Travis, by unan-

imous consent, presented students of the Casis School of Austin and teacher, Miss Geneva Corder, to the Members of the Senate.

Senate Resolution 111

Senator Moffett offered the following resolution:

Whereas, The following citizens of Wichita County recently visited the State Capitol, namely, Judge Guy H. McNeely of Wichita Falls, County Commissioner E. E. Voyles of Iowa Park, and Messrs. C. F. McSpadden, Ed Hart, Ray B. Dickey and F. V. Brasfield of Electra; and

Whereas, These prominent citizens and officials of Wichita County visited several departments of the State Government, including both branches of the Legislature and the State Highway Department, and thereby gained useful information for the proper conduct of public affairs in their home county; now, therefore, be it

Resolved, That the Senate of Texas express its appreciation of their interest in public affairs and expresses the hope that they will return upon another occasion.

The resolution was read and was adopted.

Senate Concurrent Resolution 33 on First Reading

Senator Martin moved that Senate Rule 114 and Section 5 of Article III of the State Constitution be suspended to permit his introducing at this time, a resolution, the provisions of which he explained.

The motion prevailed by the following vote:

Yeas—28

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Latimer	Strauss
Lock	Wagonseller
Martin	Willis
McDonald	

Absent—Excused

Lane Weinert
Shireman

The following resolution was then introduced, read first time and referred to the committee indicated:

S. C. R. No. 33, Authorizing the State Youth Development Council to grant a right-of-way easement to the State Highway Commission of Texas of State land in Coryell County.

Whereas, The State Highway Commission of Texas is desirous of improving State Highway No. 36 in Coryell County, Texas, in the vicinity of and extending along the north side of certain State property known as the Gatesville State School for Boys at Gatesville, Texas, and being immediately north of the most northern entrance to the administrative area of said school; and

Whereas, It is necessary to acquire a right-of-way easement to a strip of land containing 0.291 acres for the purpose of improving said State Highway No. 36, and being a part of a 696 acre tract of land out of the original Henry Farley Survey, Abstract No. 352 conveyed by S. J. Mings to L. S. Ross, Governor of Texas, by deed dated the 27th day of August, 1887, and recorded in Volume 1, Page 512, of the Deed Records of Coryell County, Texas, and being more particularly described by metes and bounds as follows:

Beginning at a point in the present east right-of-way line of State Highway 36 between Gatesville and Jonesboro and from which station 6+70 on the centerline of said State Highway 36 bears N 72° 33' W-30.00 feet, said point being also S 17° 21' W approximately 5677 feet from the Northwest Corner of the above mentioned 696 acre tract;

Thence N 21° 05' E-631.27 feet; N 170° 27' E-200.00 feet and N 11° 44' E at 201.00 feet another point in said present East right-of-way line of said State Highway 36 and from which station 17+00 on the centerline of said State Highway 36 bears N 72° 33' W-50.00 feet;

Thence along said present East right-of-way line of said State Highway 36 as follows: S 17° 27' W 693.00 feet; S 88° 10' W-21.19 feet and S 17° 27' W at 330.00 feet the place of beginning and containing 0.291 acres of land more or less.

Right of Station 6+70 to 17+00.

Resolved by the Senate, the House of Representatives concurring, That the State Youth Development Council of the State of Texas be, and it is hereby authorized and directed, in consideration of the benefits accruing to the State from the improvements of State Highway No. 36, to execute and deliver to the State Highway Commission a proper deed conveying to the State of Texas an easement to the said above-described tract of land for use for highway purposes, the form of said conveyance to be approved by the Attorney General; and the Executive Secretary of the State Youth Development Council is hereby authorized, for and on behalf of said State Youth Development Council, to execute, acknowledge and deliver to the State Highway Commission such conveyance.

To the Committee on State Affairs.

Message from the Governor

The following message, received from the Governor today, was read and was referred to the Committee on Finance:

Austin, Texas,

March 14, 1955.

To the Members of the Fifty-fourth Legislature:

The foremost function of government is to protect the lives, property and welfare of the people. Texas is called upon to cope with more natural disasters—drouths, floods, tornadoes, hurricanes and other calamities—than any other state in the nation.

In recent years, particularly, we have seen the disastrous effects of a record-breaking drouth. We must be prepared at all times to make every possible effort to counteract the economic paralysis caused by such a drouth. We cannot afford to let the blessing of recent rains cause us to relax our efforts and be unprepared for future drouth periods.

We must continue our efforts—already started with encouraging success—to bring the facilities of all State agencies together into a well-integrated, highly-trained and effective organization for handling all economic or natural disaster situations which may develop.

Legislation now under consideration by the Congress would make federal contributions for relief in major

disasters dependent upon financial participation by the states and their political subdivisions.

Sudden natural disasters, civil defense emergencies, and economic calamities require such prompt action to alleviate suffering and minimize damage that the effort may be greatly impeded if funds are not immediately available.

It is necessary, therefore, that we have at hand an emergency disaster fund—to be administered by the Governor upon advice of the State Defense and Disaster Relief Council or by such other agency as the Legislature may designate—for financing disaster relief operations pending the convening of the Legislature.

The federal government may or may not continue its drouth relief program. In my opinion, a state program could be administered more efficiently, more economically, and with greater benefit to the people of Texas. Such a program cannot be made available on the state level without legislative appropriation. During the last two years, \$1,149,206 in federal funds has been spent on drouth relief in Texas.

I respectfully recommend that the Legislature take appropriate action to accomplish this purpose.

Respectfully submitted,
ALLAN SHIVERS,
Governor of Texas.

Messages from the Governor

The following messages, received from the Governor today, were read and were referred to the Committee on Nominations of the Governor:

Austin, Texas,
March 10, 1955.

To the Senate of the Fifty-fourth Legislature:

I ask the advice, consent and confirmation of the Senate with respect to the following appointments:

To be Members of the Texas Prison Board for terms to expire February 2, 1961: Walter W. Cardwell of Luling, Caldwell County; Warren Bel-lows of Houston, Harris County; H. H. (Pete) Coffield of Rockdale, Milam County.

Respectfully submitted,
ALLAN SHIVERS,
Governor of Texas.

Austin, Texas,
March 10, 1955.

To the Senate of the Fifty-fourth Legislature:

On March 8, 1955, I submitted the name of Mrs. H. J. Lutchter Stark of Orange, Orange County, as a Member of the Board of Regents of Texas State College for Women for term to expire January 10, 1961.

In connection with this appointment, please change your records to Mrs. Nelda C. Stark of Orange, Orange County.

Respectfully submitted,
ALLAN SHIVERS,
Governor of Texas.

Senate Bill 15 on Second Reading

On motion of Senator Martin, and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

S. B. No. 15, A bill to be entitled "An Act making certain adjustments in the incorporation, organization, regulation, operation, control and taxation of all companies, associations, underwriters or exchanges making, entering into or exchanging contracts of insurance other than contracts of life insurance, subject to the provisions of Senate Bill 236 (52nd Legislature), as amended, etc., and declaring an emergency."

The bill was read second time.

Senator Martin offered the following amendment to the bill:

Amend Senate Bill 15 by striking out all below the enacting clause and substituting in lieu thereof the following:

Section 1. That Article 1.08 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 1.08. Clerks. Each Commissioner may appoint such clerks as the work of his office may require. Each Commissioner may appoint a Chief Clerk who shall possess all of the power and perform all of the duties attached by law to the office of the appointing Commissioner during the necessary absence of such appointing Commissioner, or his inability to act from any cause. The appointing Commissioner shall be responsible for the acts of his Chief Clerk, who shall,

before entering upon the duties of his position, take the oath required of the appointing Commissioner; each such Chief Clerk may also be required by the Commissioner appointing him to enter into bond with security, payable to said appointing Commissioner, for the faithful performance of the duties of his position.

"All clerks, including the Chief Clerk, shall be removable at the will of the appointing Commissioner."

Sec. 2. That Section 5 of Article 1.10 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"5. When company's surplus is impaired. "Having charged against a company other than life, the reinsurance reserve, as prescribed by the laws of this State, and adding thereto all other debts and claims against the company, the Board shall, in case it finds the minimum surplus required of the company doing the kind or kinds of insurance business set out in its Certificate of Authority impaired to the extent of more than Fifty (50%) per cent of said required minimum surplus of a capital stock insurance company, or in case it finds the minimum surplus of a reciprocal, mutual other than a farm mutual, or Lloyd's company, other than life, doing the kind or kinds of insurance business set out in its Certificate of Authority impaired to the extent of more than Twenty-five (25%) per cent of said required minimum surplus, give notice to the company to make good the impairment of its surplus to the extent that said impairment shall exist to a greater extent than such applicable percent, within sixty (60) days, and if this is not done, the Board shall require the company to cease to do business within this State, and shall thereupon, in case the company is organized under authority of the State, immediately institute legal proceedings to determine what further shall be done in the case. No impairment of the capital stock of a company shall be permitted. No impairment of the surplus of a company shall be permitted in excess of that above set out."

Sec. 3. That Article 1.14 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 1.14. Shall Issue Certificate of Authority.

"Section 1. No individual, group of individuals, association or corpora-

tion, unless now or hereafter otherwise permitted by statute, shall be permitted to engage in the business of insuring others against those losses which may be insured against under the laws of this State. Should the Board of Insurance Commissioners be satisfied that any insurance carrier applying for a Certificate of Authority has in all respects fully complied with the law; and that if a stock company, its capital stock and surplus has been fully paid up, that it has the required amount of capital and surplus or surplus to policyholders; it shall be its duty to issue such carrier a Certificate of Authority under its seal authorizing such carrier to transact insurance business, naming therein the particular kinds of insurance, for the period of not more than fifteen (15) months, and not extending more than ninety (90) days beyond the last day of February next following the date of said certificate. Provided, however, that each Certificate of Authority in force at the effective date of this Code shall remain in force until it expires by its terms or is revoked or suspended according to law.

"Sec. 2. The word 'carrier' as herein used is defined as that type of insurer which, in consideration of premium, issues policies to others insuring against those losses which may be insured against under the provisions of the law, including stock companies, mutual companies, reciprocals or inter-insurance exchanges, and Lloyd's Associations. Provided that the Board of Insurance Commissioners shall give preference to applications of domestic companies in checking and approving annual statements and issuing Certificates of Authority."

Sec. 4. That Article 2.01 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 2.01. Formation of Company. The provisions of this Chapter shall apply to the formation of each company or organization which proposes to engage in any kind of insurance business, other than life, health or accident insurance companies organized or operating under the provisions of Chapter 3, or Chapter 11, of this Code; and except as in this Code otherwise provided.

"Any number of persons desiring to form a company for the purpose of transacting insurance business shall adopt and sign Articles of Incorporation as provided in this Code. Appli-

cants shall file with the Board an application for charter on such form and include therein such information as may be prescribed by the Board, including the affidavit or affidavits provided by Article 2.05, and the proposed Articles of Incorporation or of Association, and shall deposit with the Board the fees prescribed by law.

"Upon receipt of such application, the Board shall forthwith set a date for the hearing of the same notifying all interested parties by notice published in one or more daily newspapers of this State of the place and date thereof, which date shall be not less than ten (10) nor more than thirty (30) days after the date of such notice.

"A copy of such notice shall be given to the Attorney General of Texas. A representative of the Attorney General shall attend such hearing. The original examination report provided by Article 2.04 shall be a part of the record of the hearing.

"In considering any such application, the Board shall, after public hearing, determine whether or not:

"1. The proposed capital structure is adequate.

"2. The proposed officers and directors, attorney in fact or managing head have sufficient insurance experience, ability, standing and good record to render success of the proposed insurance company probable.

"3. The applicants are acting in good faith.

"Should the Board determine any of the above issues adversely to the applicants, it shall reject the application. Otherwise such Board shall approve the application and submit the same to the Attorney General. If the articles and the record and the procedure and action thereon shall be found by the Attorney General to be in accordance with the law of this State, and if he shall find that the applicants have complied with all applicable requirements of this Code, he shall attach thereto his certificate to that effect, whereupon such articles shall be deposited with the Board in the office of its Chairman."

Sec. 5. That Article 2.02 of the Texas Insurance Code, 1951, as amended, be amended to be and read as follows:

"Art. 2.02. Articles of Incorporation. Such Articles of Incorporation shall contain:

"1. The name of the company; and

the name selected shall not be so similar to that of any other insurance company as to be likely to mislead the public.

"2. The locality of the principal business office of such company.

"3. The kind of insurance business in which the company proposes to engage.

"4. The amount of its capital stock and its surplus, which shall in no case be less than \$100,000.00 capital and \$100,000.00 surplus in the event the company is incorporated to engage in the business of fire insurance and its allied lines, or marine insurance, or both, and which in no case shall be less than \$150,000.00 capital and \$150,000.00 surplus if the company is incorporated to engage in the casualty insurance business, including fidelity, guaranty, surety and trust business, and which in no case shall be less than \$250,000.00 capital and \$250,000.00 surplus in the event the company is incorporated to engage in the business of fire insurance and its allied lines, or marine insurance, or both fire and marine insurance, and the business of casualty insurance.

"At the time of incorporation all of said capital and surplus shall be in cash."

Sec. 6. That Article 2.03 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 2.03. Amendments to Charters. Any domestic insurance corporation subject to the provisions of this Chapter may make amendments to its charter as follows:

"Applicants shall file with the Board the proposed amendment together with an application on such form and including such information as may be prescribed by the Board, and shall deposit with the Board the fees prescribed by law. Upon such filing the Board shall give notice by publication in one or more daily newspapers of this State of a public hearing upon such application, copy of such notice to be delivered to the Attorney General, and the representative of the Attorney General to appear at such hearing; provided that no hearing shall be required in event amendment to charter involves only a stock dividend by means of lawful transfer of surplus to capital or a change of name or a change of locality of the principal business office of said

company or a combination of such amendments.

"In considering any such application, the Board shall, after public hearing, determine whether or not:

"1. The proposed capital structure is adequate. In no event shall the same be less than the minimum capital and surplus required by this Code in Article 2.02.

"2. The then officers and directors and managing head have sufficient insurance experience, ability, standing and good record to render success of the company probable.

"3. The applicants are acting in good faith.

"4. If an amendment to charter involves a diminution of the company's charter powers with respect to the kinds of insurance business in which it may engage, in the manner prescribed by this Code, that all liabilities incident to the exercise of the powers to be eliminated have been terminated or wholly reinsured.

"5. The property involved in any increase of capital or surplus or both is properly valued and is as authorized by Article 2.08 or Article 2.10 of this Code, as same may be applicable.

"Should the Board determine any of the above issues adversely to the applicants, it shall reject the application. Otherwise the Board shall approve the application and shall forward the application, the amendment, and complete files relating to the charter and the charter amendment, as well as its findings and the record thereof to the Attorney General for examination. If said amendment shall be found by the Attorney General to be in accordance with the law of this State, he shall attach thereto his certificate to that effect, whereupon such amendment shall be deposited with the Board in the office of its Chairman, and shall become effective."

Sec. 7. That Article 2.04 of the Texas Insurance Code, 1951, as amended, be amended to be and read as follows:

"Art. 2.04. Original Examination and Application for Charter. When the Articles of Incorporation and application for charter of persons desiring to form a company under this Chapter have been deposited with the Board, and the law in all other respects has been complied with by the company, prior to the hearing provided by Article 2.01, the Board shall make or cause an examination to be made by some competent and dis-

interested person or persons appointed by them for that purpose; and if it shall be found that the capital stock and surplus of the company, to the amount required by law, has been paid in, and is possessed by it, in money, and that the same is the bona fide property of such company, and that such company has in all respects complied with the law relating to insurance, the examiners or examiner shall so report to the Board."

Sec. 8. That Article 2.05 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 2.05. Oath as to Charter and Capital. The incorporators or officers of any such company shall be required to certify under oath to the Board the truth and correctness of the facts set out in the Articles of Incorporation and in addition shall certify under oath to the Board that the capital and surplus is the bona fide property of such company.

"If the Board is not satisfied in either event above, it may at the expense of the incorporators require other satisfactory evidence before it shall be required to receive the Articles of Incorporation, or application for charter, or give notice of hearing or hold same, or issue original Certificate of Authority."

Sec. 9. That Article 2.08 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows: "Art. 2.08. Items of Capital Stock and Minimum Surplus. "The capital stock and the minimum surplus of any such insurance company, except any writing life, health and accident insurance shall following incorporation and granting of Certificate of Authority, consist only of the following:

"1. Lawful money of the United States; or

"2. Bonds of this State; or

"3. Bonds or other evidences of indebtedness of the United States of America or any of its agencies when such obligations are guaranteed as to principal and interest by the United States of America."

Sec. 10. That Article 2.10 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 2.10. Investment of Funds in Excess of Capital and Minimum Surplus. No company except any writing life, health and accident insurance,

organized under the laws of this State, shall invest its funds over and above its capital and its minimum surplus, as provided in Article 2.02, except as otherwise provided in this Code, in any other manner than as follows:

"1. As provided for the investment of its capital and its minimum surplus in Article 2.08.

"2. In bonds or other evidences of debt which at the time of purchase are interest bearing and are issued by authority of law and are not in default as to principal or interest, of any of the states of the United States or in the stock of any National Bank, in stock of any State Bank of Texas whose deposits are insured by the Federal Deposit Insurance Corporation; provided, however, that if said funds are invested in the stock of a State Bank of Texas that not more than thirty-five (35%) percent of the total outstanding stock of any one (1) State Bank of Texas may be so purchased by any one (1) insurance company, and provided further that neither the insurance company whose funds are invested in said bank stock nor any other insurance company may invest its funds in the remaining stock of any such State Bank.

"3. In bonds or first liens or first mortgages upon unencumbered real estate in this State or in any other state, country or province in which such company may be duly licensed to conduct an insurance business, the title to which is valid and the market value of which is not less than forty (40%) percent more than the amount loaned thereon. If any part of such real estate is in buildings such buildings shall be insured against loss by fire and extended coverage for not less than sixty (60%) percent of the value thereof, with loss clause payable to such company. The provisions of this paragraph with respect to the value of real estate compared to the amount loaned thereon, shall not apply to loans secured by real estate which are insured by the Federal Housing Administrator or successors. The valuation of such real estate where the loan is not insured by the Federal Housing Administrator shall be by appraisal by two or more competent and disinterested citizens of Texas appointed by the Board of Insurance Commissioners of Texas, the cost and expense of such appraisal to be paid by the insurance company to the Board.

"4. In bonds or other interest bearing evidences of debt of any county,

municipality, road district, turnpike district or authority, water district, any subdivision of a county, incorporated city, town, school district, sanitary or navigation district, any municipally owned revenue water system or sewer system where special revenues to meet the principal and interest payments of such municipally owned revenue water system and sewer system bonds or other evidences of debt shall have been appropriated, pledged or otherwise provided for by such municipality. Provided before bonds or other evidences of debt of navigation districts shall be eligible investments such navigation district shall be located in whole or in part in a county containing a population of not less than One Hundred Thousand (100,000) according to the last preceding Federal Census, and provided, further that the interest due on such navigation bonds or other evidences of debt of navigation districts must never have been defaulted.

"5. In the stocks, bonds, debentures, bills of exchange or other commercial notes or bills and securities of any solvent dividend paying corporation at time of purchase, incorporated under the laws of this State, or of any other state of the United States, or of the United States, which has not defaulted in the payment of any of its obligations for a period of five (5) years, immediately preceding the date of the investment; provided such funds may not be invested in the stock of any oil, manufacturing or mercantile corporation organized under the laws of this State, unless such corporation has at the time of investment a net worth of not less than Two Hundred and Fifty Thousand (\$250,000.00) Dollars, nor in the stock of any oil, manufacturing or mercantile corporation, not organized under the laws of this State, unless such corporation has a combined capital, surplus and undivided profits of not less than Two Million Five Hundred Thousand (\$2,500,000.00) Dollars; provided, further:

"(a) Any such insurance company may invest its funds over and above its capital stock, its minimum surplus, and all reserves required by law, in the stocks, bonds or debentures of any solvent corporation organized under the laws of this State, or of any other state of the United States, or of the United States.

"(b) No such insurance company shall invest any of its funds in its

own stock or in any stock on account of which the holders or owners thereof may, in any event, be or become liable to any assessment, except for taxes.

"(c) No such insurance company shall invest any of its funds in stocks, bonds or other securities issued by a corporation if a majority of the stock having voting powers of such issuing corporation is owned, directly or indirectly by or for the benefit of one or more officers or directors of such insurance company.

"6. In loans upon the pledge of any mortgage, stock, bonds or other evidence of indebtedness acceptable as investments under the terms of this Article, if the current value of such mortgage, stock, bonds or other evidence of indebtedness is at least twenty-five (25%) percent more than the amount loaned thereon.

"7. In interest-bearing notes or bonds of The University of Texas issued under and by virtue of Chapter 40, Acts of the 43rd Legislature, Second Called Session.

"8. In real estate to the extent only as elsewhere authorized by this Code.

"9. In insured accounts and evidences of indebtedness as defined and limited by Section 1, Chapter 618, page 1356, Acts of 47th Legislature; in shares or share accounts as authorized in Section 1, page 76, Acts 1939, 46th Legislature; in insured or guaranteed obligations as authorized in Chapter 230, page 315, Acts 1945, 49th Legislature; in bonds issued under the provisions authorized by Section 9, Chapter 231, page 774, Acts 1933, 43rd Legislature; in bonds under authority of Section 1, Chapter 1, page 427, Acts 1939, 46th Legislature; in bonds and other indebtednesses as authorized in Section 1, Chapter 3, page 494, Acts 1939, 46th Legislature; in 'Municipal Bonds' issued under and by virtue of Chapter 280, Acts 1929, 41st Legislature, or in bonds as authorized by Section 5, Chapter 122, page 219, Acts 1949, 51st Legislature; or in bonds as authorized by Section 10, Chapter 159, page 326, Acts 1949, 51st Legislature; or in bonds as authorized by Section 19, Chapter 340, page 655, Acts 1949, 51st Legislature; or in bonds as authorized by Section 10, Chapter 398, page 737, Acts 1949, 51st Legislature; or in bonds as authorized by Section 18, Chapter 465, page 855, Acts 1949, 51st Legislature; or in shares or share accounts as authorized in Chapter 534, page 966,

Acts 1949, 51st Legislature; or in bonds as authorized by Section 24, Chapter 110, page 193, Acts 1949, 51st Legislature, together with such other investments as are now or may hereafter be specifically authorized by law."

Sec. 11. That a new Article 2.20 be added to the Texas Insurance Code, 1951 as amended, to be and read as follows:

"Art. 2.20. Renewal Certificates of Authority. Any domestic insurance company and any foreign or alien insurance company heretofore organized and doing business in Texas as an authorized fire or casualty insurer or both at the effective date of this Act and which does not have the minimum capital or the minimum surplus, or both, required by law may continue to transact the kind or kinds of insurance business for which it held certificate of authority on such date until said certificate expires by its terms or is revoked or suspended according to law, provided that on December 31, 1955, December 31, 1956, December 31, 1957, December 31, 1958, December 31, 1959, December 31, 1960, December 31, 1961, December 31, 1962, December 31, 1963, and December 31, 1964, it shall have increased its capital or its surplus, or both, as required by law each year by respective amounts of ten (10%) per cent of the difference between the capital or surplus or both existing on December 31, 1954, and the capital or surplus or both required by law, before it shall be entitled to obtain renewal certificate or certificates of authority as provided by law; and provided further, that its investments made in compliance with law prior to the effective date hereof may be retained until December 31, 1959, after which date the provisions hereof as to investments must be fully met before it shall be entitled to obtain renewal certificate or certificates of authority as provided by law. All such companies shall fully meet the requirements of Article 2.02 of this Code on and after December 31, 1964, subject to the provisions of Section 5 of Article 1.10 of this Code."

Sec. 12. That a new Article 2.21 be added to the Texas Insurance Code, 1951 as amended, to be and read as follows:

"Art. 2.21. Certificate of Authority. When the said Articles of Incorporation have been deposited with the

Board, or when the right to do business has been approved as provided by law, and the law in all other respects has been complied with by the company, the Board shall issue to such company a Certificate of Authority to commence business as proposed in their Articles of Incorporation or application or declaration."

Sec. 13. That Article 5.50 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 5.50. Exceptions. This Subchapter shall not apply to farm mutual insurance companies operating under Chapter 16 of this Code, and none of the Articles of this Subchapter, except Articles 5.35, 5.36, 5.37, 5.38, 5.39, 5.40 and 5.49 shall apply to other purely mutual or to other purely profit sharing fire insurance companies incorporated or unincorporated under the laws of this State, and carried on by the members thereof solely for the protection of their property and not for profit, or to a purely cooperative inter-insurance and reciprocal exchange carried on by the members thereof solely for the protection of their property and not for profit."

Sec. 14. That Article 5.54 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 5.54. Associations Excepted. Nothing in Articles 5.49, 5.52 and 5.53 of this Subchapter shall ever be construed to apply to any farm mutual insurance company operating under Chapter 16 of this Code. Nothing in Articles 5.52 and 5.53 of this Subchapter shall ever be construed to apply to any county mutual insurance company operating under Chapter 17 of this Code."

Sec. 15. That Article 6.04 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 6.04. Reduction of Capital Stock to Make Good Impairment of Surplus. Whenever the minimum surplus of any fire, fire and marine, or marine insurance company of this State becomes impaired to a greater extent than that provided by Section 5 of Article 1.10, the Board may, in its discretion, permit the said company by amendment to charter as provided by Article 2.03, to reduce its capital stock and par value of its shares in proportion to the extent of

permitted impairment; provided that the par value of said shares shall not be reduced below the sum provided by Section 1 of Article 2.07. In fixing such reduced capital, no sum exceeding One Hundred and Twenty-five Thousand (\$125,000) Dollars shall be deducted from the assets and property on hand, which shall be retained as surplus assets. No part of such assets and property shall be distributed to the stockholders, nor shall the capital stock of a company or its surplus in any case be reduced to an amount less than the minimum capital and the minimum surplus provided by Article 2.02 of this Code, subject to the provisions of Section 5 of Article 1.10 of this Code."

Sec. 16. That Article 6.05 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 6.05. Capital and Surplus to be Made Good. Any fire, marine or inland insurance company having received notice from the Board to make good any impairment of its required capital or to make good its surplus within sixty (60) days as provided by Section 5 of Article 1.10 shall forthwith call upon its stockholders for such amounts as shall make its capital and its surplus equal to the amount required by Article 2.02, subject to the provisions of said Section 5 of Article 1.10 of this Code."

Sec. 17. That Article 6.06 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 6.06. Stockholder Failing to Pay. If any stockholder of such company shall neglect or fail to pay the amount so called for, after notice personally given, or by advertisement for such time and in such manner as said Board shall approve, it shall be lawful for said company to require the return of the original certificate of stock held by such stockholder, and in lieu thereof to issue a new certificate for such number of shares as such defaulting stockholder may be entitled to in the proportion that the ascertained value of the funds of said company, calculated without inclusion of any money or property paid by stockholders in response to such call, may be found to bear to the total of the original capital and the minimum surplus of said company as required by Article 2.02; as qualified by the provisions of Section 5 of Article 1.10 of this Code, the value of such shares

for which new certificates are issued shall be ascertained under the direction of said Board and the company shall pay for the fractional parts of shares.

"Any interested person may pay part or all of the amount of the deficit resulting from such default and the company shall issue to each such person a stock certificate for the number of shares to which he is entitled, such certificate to be for the number of shares in proportion to the whole number of forfeited shares which the payment made by the recipient of the new stock certificate bears to the deficit which resulted from such forfeited shares."

Sec. 18. That Article 6.07 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 6.07. New Stock and Minimum Surplus Made Up. It shall be lawful for such company upon compliance with Article 2.03 of this Code to create new stock and dispose of the same according to law and to issue new certificates therefor. Said new stock shall be sold for an amount sufficient to make up any impairment of its required minimum capital and to make up the surplus of the company as provided in Article 2.02 of this Code as qualified by Section 5 of Article 1.10, without impairment of the capital of the company."

Sec. 19. That Article 6.08 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 6.08. Holding Real Estate. No such company shall be permitted to purchase, hold or convey real estate, except for the purpose and in the manner herein set forth:

"1. For the erection and maintenance of buildings at least ample and adequate for the transaction of its own business.

"2. Such as shall have been mortgaged to it in good faith by way of security of loans previously contracted or for money due.

"3. Such as shall have been conveyed to it in satisfaction of debts previously contracted in the legitimate business of the company or for money due.

"4. Such as shall have been purchased at sales under judgments, decrees or mortgages obtained or made for such debts.

"All real estate acquired under authority of the above paragraphs of

this Article numbered 2, 3 and 4, or either of them, shall be subject to the provisions of Article 8.19 of this Code.

"Not more than thirty-three and one-third (33 $\frac{1}{3}$ %) per cent of its admitted assets, shall be invested by such insurance company in real estate, and none of its capital and minimum surplus may be so invested, except to the extent that the foregoing limitation shall not apply to real estate held under authority of the above paragraphs of this Article numbered 2, 3 and 4, or either of them. Any insurance company subject to the provisions of this Act, heretofore organized and doing business in Texas, and heretofore holding real estate under the terms of Article 6.08 or 8.18 of this Code prior to this amendment, shall have until December 31, 1959, to comply with this Article as hereby amended.

"The value of real estate mentioned in paragraph numbered 1 above shall be appraised by two or more competent and disinterested citizens of Texas appointed by the Board of Insurance Commissioners of Texas, when such real estate is hereafter acquired or when amendment to charter is applied for, the cost and expense of such appraisal to be paid by the insurance company to the Board."

Sec. 20. That Article 8.05 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 8.05. Capital and Deposits. Only companies organized and doing business under the provisions of this chapter shall be subject to its provisions. Such companies shall have not less than the minimum capital and the minimum surplus applicable to casualty, fidelity, guaranty, surety and trust companies as set out in Article 2.02 of this Code. Such a company shall be authorized to transact all and every kind of insurance specified in the first Article of this chapter. At the time of incorporation all of said capital and surplus shall be in cash. The capital and minimum surplus required of said company as provided in Article 2.02 of this Code shall following incorporation and the issuance by the Board to said company of a certificate authorizing it to do business be invested as provided in Article 2.08 of this Code. All other funds of said corporation in excess of its capital and minimum surplus shall be invested by such company as provided in Article 2.10 and in Article 6.08 of this Code. Upon the

granting of the charter to said corporation in the mode and manner provided in Article 2.01 and Article 2.02 of this Code, and upon the deposit of the sum of Fifty Thousand (\$50,000.00) Dollars of securities of the kind described in Article 2.10 of this Code or in cash with the State Treasurer, the Board shall issue to said company a certificate authorizing it to do business.

"No part of the capital or surplus paid in shall be loaned to any officer of said company.

"In the event any such company shall be required by the law of any other state, country or province as a requirement prior to doing an insurance business therein to deposit with the duly appointed officer of such other state, country or province, or with the State Treasurer of this State, any securities or cash in excess of the said deposit of Fifty Thousand (\$50,000.00) Dollars hereinbefore mentioned, such company, at its discretion, may deposit with the State Treasurer securities of the character authorized by law, or cash sufficient to enable it to meet such requirements. The State Treasurer is hereby authorized and directed to receive such deposit and to hold it exclusively for the protection of policyholders of the company. Any deposit so made to meet the requirements of any other state, country or province shall not be withdrawn by the company except upon filing with the Board evidence satisfactory to it that the company has withdrawn from business, and has no unsecured liabilities outstanding in any such other state, country or province by which such additional deposit was required, and upon the filing of such evidence the company may withdraw such additional deposit at any time."

Sec. 21. That Article 8.10 of the Texas Insurance Code, 1951, as amended, be amended to be and read as follows:

"Art. 8.10. Examination. All of the provisions of Article 1.15 and Article 1.16 relative to the examination of companies shall apply to companies formed under this chapter."

Sec. 22. That Article 8.18 of the Texas Insurance Code, 1951, as amended, be amended to be and read as follows:

"Art. 8.18. Real Estate. Such company shall be subject to the provisions of Article 6.08 of this Code; and no

such company shall be permitted to purchase, hold or convey real estate, except for the purposes and in the manner set forth in said Article."

Sec. 23. That Article 10.08 of the Texas Insurance Code, 1951, as amended, be amended to be and read as follows:

"Art. 10.08. Reserve. Any society issuing such benefit certificates shall maintain on all such certificates the reserve required by the Standard Mortality and Interest Tables adopted by the Society for computing contributions, same to be first approved by the Board of Insurance Commissioners."

Sec. 24. That Article 15.04 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 15.04. Certificates of Incorporation. Applicants for such Articles of Incorporation shall comply with and be subject to the provisions of Article 2.01 of this Code except:

"1. The minimum number of persons adopting and signing such Articles of Incorporation shall be governed by Article 15.01 of this Chapter; and

"2. Free surplus shall constitute capital structure within the meaning of Article 2.01; and each reference to capital stock shall refer to surplus."

Sec. 25. That Article 15.06 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 15.06. Kinds of Insurance. Any company organized under the provisions of this chapter is empowered and authorized to write any kinds of insurance, which may lawfully be written in Texas, except life insurance. Any such company writing fidelity and surety bonds shall keep on deposit with the State Treasurer cash or securities as provided in Article 2.10 approved by the Board equal in amount to that required of domestic stock companies. Any such company shall be possessed of a surplus over and above all of its liabilities equal to the minimum capital stock and surplus required of a stock insurance company transacting the same kinds of business. Mutual insurance companies operating under the provisions of this chapter shall be required to charge the rates prescribed by the Board of Insurance Commissioners and be subject to the same rates and reserve supervision that

domestic insurance companies are subject to by law."

Sec. 26. That Article 15.08 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 15.08. Conditions to Obtain License. No company organized under this chapter shall issue policies or transact any business of insurance unless and until its charter is granted as provided in this Code unless and until the Board has, by issuance of Certificate of Authority, authorized it to do so. The provisions of Article 2.20 of this Code shall apply to all renewal Certificates of Authority."

Sec. 27. That Article 15.11 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 15.11. Provisions of Policy. The maximum premium shall be expressed in the policy of a mutual company organized under this chapter, and it may be solely a cash premium or a cash premium and an additional contingent premium, which contingent premium shall be equal in amount to one (1) additional cash premium, but no such company shall issue an insurance policy for a cash premium and without an additional contingent premium until and unless it possesses a surplus above all liabilities of a sum at least equal to the minimum capital and surplus required of a stock insurance company transacting the same kinds of business.

"When any company shall issue policies for cash premiums only, in pursuance of the authority of this Article, it may waive all contingent premiums set forth in policies then outstanding. The issuance of policies for cash premiums only in pursuance of this Article may not be exercised by any such company until written notice of its intention so to do accompanied by a certified copy of the resolution of the Board of Directors providing for the issuance of such policies shall have been filed with and approved by the Board. Policyholders of a mutual insurer shall at no time be liable for assessment on policies issued at a time when such approval by the Board is in effect. Neither the officers or directors of any such mutual insurer, the Board of Insurance Commissioners nor any receiver or liquidator shall have authority to levy assessments upon the holders of such policies.

"A foreign mutual insurance company authorized to do business in

Texas may issue an insurance policy for a cash premium and without an additional contingent premium and may waive contingent premiums on outstanding policies under the same conditions and subject to the same restrictions and provisions as a mutual insurance company organized under this Code and doing the same kinds of business.

"If up to the time of the effectiveness of this Act a mutual insurance company was authorized to write non-assessable policies in Texas under the provisions of this Code, such mutual company shall not be denied such authority by reason of provisions which are contained herein that were not contained in this Insurance Code immediately prior to the effective date of this Act, so long as such company is complying with Article 2.20 of this Code as added by this Act."

Sec. 28. That Section 2 of Article 16.01 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Sec. 2. Any company operating under the provisions of this Chapter which out of the total amount of insurance in force maintains more than sixty (60%) percent in force on rural property and those companies operating on the 'assessment-as-needed plan' shall hereafter be known as 'Farm Mutual Insurance Companies', and shall be subject to the provisions of this Chapter. 'Rural Property' as that term is used in this law, shall mean any property located outside of the city limits of any incorporated city or town. 'Assessment-as-needed plan' shall refer to companies that other than for reserve purposes assess members only when a loss or losses occur and who use not more than Twenty-five (25%) percent of their gross income for expenses."

Sec. 29. That Article 16.06 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 16.06. Conditions of Incorporation. Before a charter shall be granted a farm mutual insurance company, the incorporators must have on hand:

"(a) Not less than twenty-five (25) applications in writing for insurance or not less than one hundred (100) separate risks; provided that no one risk shall be for more than one (1%) per cent of the total amount of insurance applied for in the new company, and that a separate risk shall be one or more items of real and/or

personal property which is not exposed to any other property on which insurance is applied for in the new company;

"(b) Not less than Two (\$2.00) Dollars for each One Hundred (\$100.00) Dollars of insurance applied for at the time of incorporation in cash. All companies organized after the effective date of this act under this chapter, shall always have free surplus of Two (\$2.00) Dollars for each One Hundred (\$100.00) Dollars of insurance in force, or a free surplus of Two Hundred Thousand (\$200,000.00) Dollars, whichever amount is less, invested as provided in Article 2.08 of this Code. Funds in excess of such minimum surplus may be invested as provided in Article 2.10 of this Code. If such free surplus is at any time impaired, the Board shall proceed as is provided in Section 5 of Article 1.10 of this Code. The provisions of this section shall not apply to any farm mutual insurance company operating in Texas prior to the effective date of this Act."

Sec. 30. That Article 17.02 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 17.02. Formation of Company. No county mutual insurance company may be formed under the provisions of this chapter after the effective date of the Act of which this section is a part, except such as are formed pursuant to permits issued under Article 17.03 of this Code prior to the effective date of this amendment. County mutual insurance companies formed prior to the effective date of this Act and actively engaged in the insurance business at the time of such effective date or formed pursuant to permit issued prior to the effective date of this amendment under Article 17.03 shall be permitted to engage in business in accordance with the provisions of Chapter 17, as amended, and other applicable laws; provided, however, that neither the provisions of this Act nor the provisions of Senate Bill No. 107, Acts of 53rd Regular Session, Texas Legislature, 1953, effective May 22, 1953, shall apply to any county mutual insurance company organized and operating as a county mutual fire insurance company on May 22, 1953, whose business is devoted exclusively to the writing of industrial fire insurance policies covering dwellings, household goods and wearing apparel on a weekly, monthly or quarterly

basis on a continuous premium payment plan. Provided further, that this exemption shall apply only so long as said companies are engaged exclusively in the writing of such industrial fire insurance policies. Section 22 of Article 17.25 is hereby repealed."

Sec. 31. That Article 17.03 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 17.03. Application for Permission to Solicit Insurance. Permits issued prior to the effective date of this amendment pursuant to the provisions of Article 17.03 shall expire by their present terms and shall not be renewed. Moneys collected from applicants other than charter members shall be held in trust for them until incorporation and returned in the event the organization is not perfected."

Sec. 32. That Article 17.06 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 17.06. By-laws; Additional Provisions. The by-laws shall state the time and manner of the levy and payment of all premiums or assessments for all insurance written by the company.

"They shall also fix the liability of the policyholders for all losses accrued while the policies are in force, in addition to the regular premium or assessments for the same; and the time and manner of the payment of such liability; provided that the amount of such liability shall be Two (\$2.00) Dollars for each One Hundred (\$100.00) Dollars of insurance in such policy.

"The by-laws may also provide that when a loss occurs, the companies may, at their option provide and require that all or a certain percent of the money to be paid for the loss be put back into a replacement or repair of the property damaged or destroyed, provided such provision may be equally made applicable to real and personal property and property exempt from execution such as homesteads or buildings on the homestead and exempt personal property. County mutual companies may in their by-laws provide that the requirements of Article 6.13 of this Code shall not be applicable to their contracts of insurance."

Sec. 33. That Article 17.09 of the Texas Insurance Code, 1951 as

amended, be amended to be and read as follows:

"Art. 17.09. Policyholders Liabilities. Policyholders shall be liable for losses of the company only as prescribed in the by-laws of the company and Article 17.06 of this Code, and that only in proportion that the premium or assessments for the insurance of any policy bears to the total amount of premiums or assessments for all the insurance in the class to which the policy belongs."

Sec. 34. That Article 17.11 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 17.11. Financial Requirements and Impairment of Surplus. County mutual insurance companies shall maintain at all times unearned premium reserves as provided in Article 6.01 of this Code. The unearned premium reserves and any other type of reserves authorized by the Board of Directors shall be invested in such securities as the reserve funds of other insurance companies doing the same kind of business are by law required to be invested.

"There shall be maintained at all times free surplus invested only in items enumerated in Article 2.08 of this Code of

"(a) Not less than \$25,000.00 if the company is organized to write insurance locally in the county of its domicile only; or

"(b) Not less than \$50,000.00 if the company is organized to write insurance in the county of its domicile and any adjoining counties only; or

"(c) Not less than an amount equal to the aggregate of the minimum capital and minimum surplus required of a fire insurance company by Article 2.02 of this Code if such company is organized to write insurance in a county other than the county of its domicile and any adjoining counties within this State.

"Each county mutual insurance company shall be subject to the provisions of Section 5 of Article 1.10 and Article 2.20 of this Code."

Sec. 35. That Article 17.22 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 17.22. Exemption from Insurance Laws. County mutual insurance companies shall be exempt from the operation of all insurance laws of this State, except as in this chapter

specifically provided. In addition to such articles as may be made to apply by other articles of this chapter, county mutual insurance companies shall not be exempt from and shall be subject to all the provisions of Article 2.04 and of Article 2.05 and of Article 2.08 and of Article 2.10 and of Article 5.12 and of Article 5.37 and of Article 5.38 and of Article 5.39 and of Article 5.40 and of Article 5.49 of this Code, and the provisions of Article 7064 of the Revised Civil Statutes of Texas."

Sec. 36. That Section 5 of Article 17.25 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Sec. 5. Policy Forms Prescribed. Each county mutual insurance company shall be subject to the provisions of Article 5.06 and of Article 5.35 and of Article 5.36 of this Code. The Board of Insurance Commissioners pursuant to Article 5.35 may in its discretion make, promulgate and establish uniform policies for county mutual insurance companies different from the uniform policies made, promulgated and established for use by companies other than county mutual insurance companies, and shall prescribe the conditions under which such policies may be adopted and used by county mutual insurance companies, and the conditions under which such companies shall adopt and use the same forms and no others as are prescribed for other companies."

Sec. 37. That Section 7 of Article 17.25 of the Texas Insurance Code, 1951 as amended, be and is hereby repealed.

Sec. 38. That Section 20 of Article 17.25 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Sec. 20. Contingent Liability. The contingent liability of policyholders required under Article 17.06 of this chapter, shall be fixed in the by-laws of each company and shall be Two (\$2.00) Dollars for each One Hundred (\$100.00) Dollars of property insured in any policy issued by companies subject to the provisions of this Article. Where any risk is insured against more than one hazard, for the purposes of this chapter and of this Article, the amount of risk or insurance in any policy shall be the maximum loss that may be sustained at any one time by the com-

pany under the policy, regardless of the number of hazards insured against."

Sec. 39. That Article 18.04 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 18.04. License. Such underwriters and their attorney shall be subject to the provisions of Article 2.01 and Article 2.04 of this Code, except that:

"1. The Articles of Agreement shall be in lieu of Articles of Incorporation; and

"2. Free surplus shall constitute capital structure within the meaning of Article 2.01; and each reference to capital stock shall refer to surplus.

"The attorney for such underwriters shall pay a fee of Ten (\$10.00) Dollars to the Board of Insurance Commissioners upon the filing of the application for license.

"Upon receipt by the Board of Insurance Commissioners of a certification by the Attorney General that such underwriters and their attorney have fully complied with the law the Board shall issue a Certificate of Authority as provided by Article 1.14 of this Code."

Sec. 40. That Article 18.05 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 18.05. Assets. No attorney shall be licensed for the Underwriters at a Lloyd's until and unless the provisions of Article 2.01 are fully complied with and until and unless the net assets contributed to the attorney, a committee of underwriters, trustee or other officers as provided for in the Articles of Agreement shall constitute a surplus over and above all of its liabilities equal to the minimum capital stock and surplus required of a stock insurance company transacting the same kinds of business. The required cash surplus shall be invested following the licensing as provided in Article 2.08 as to minimum surplus required, and as provided in Article 2.10 as to other funds."

Sec. 41. That Article 18.07 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 18.07. Impairment of Surplus. Lloyd's companies shall be subject to the provisions of Section 5 of Article 1.10 of this Code."

Sec. 42. That Article 18.09 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 18.09. Investments. The assets of Underwriters at a Lloyd's to the extent of the minimum required under the provisions of Article 2.02 and of Article 18.05 of this chapter shall be cash or shall be invested in such securities as are eligible for investment of the capital stock and minimum surplus of stock insurance companies transacting the same sort of business, and the other assets of underwriters shall be invested, if at all, in such property or securities as the funds of the stock insurance companies doing the same sort of business may be invested in, except that only the surplus, in excess of the required minimum surplus of a Lloyd's may be invested in the securities eligible for investment of surplus in excess of capital and minimum surplus of such similar stock insurance companies. Lloyd's organized prior to August 10, 1943, and doing business under Certificate of Authority from the Board of Insurance Commissioners shall not be required to conform to this Article except as to securities thereafter acquired, whether in substitution for securities then held or from additional, successor or substituted underwriters. Underwriters at a Lloyd's shall be permitted to purchase, hold or convey real estate in accordance with the provisions and subject to the limitations of Article 6.08 of this Code."

Sec. 43. That Article 18.11 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 18.11. Examination of Affairs. All of the provisions of Article 1.15 and of Article 1.16 relative to examination of companies shall apply to companies organized under this chapter."

Sec. 44. That Article 18.23 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 18.23. Exemption from Insurance Laws with Limitations. Underwriters at a Lloyd's shall be exempt from the operation of all insurance laws of this State except as in this chapter specifically provided, or unless it is specifically so provided in such other law that same shall be applicable. In addition to such articles as may be made to apply by

other articles of this chapter, underwriters at a Lloyd's shall not be exempt from and shall be subject to all of the provisions of Article 2.20 and of Article 5.35 and of Article 5.36 and of Article 5.38 and of Article 5.39 and of Article 5.40 and of Article 5.49 of this Code."

Sec. 45. That Article 19.03 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 19.03. Declaration of Subscribers. Such subscribers, so contracting among themselves, shall, through their attorney in fact file with the Board of Insurance Commissioners a declaration verified by the oath of such attorney in fact setting forth:

"1. The name or title of the office at which subscribers propose to exchange such indemnity contracts. Said name or title shall contain the word 'reciprocal,' 'inter-insurance exchange,' 'underwriters,' 'association,' 'exchange,' 'underwriting,' 'inter-insurers,' or 'inter-insurors,' and shall not be so similar to any other name or title previously adopted by a similar organization, or by any insurance corporation or association, as in the opinion of said Board of Insurance Commissioners is calculated to confuse or deceive. The office or offices through which such indemnity contracts shall be exchanged shall be classified as reciprocal or inter-insurance exchanges.

"2. The kind or kinds of insurance to be effected or exchanged, provided that same shall not include life insurance.

"3. A copy of the form of power of attorney or other authority of such attorney in fact under which such insurance is to be effected or exchanged, which form shall be subject to approval by the Board of Insurance Commissioners of Texas; provided, however, that, except as to matters concerning which specific provision is made in this chapter, nothing herein contained shall be so construed as to permit the said Board to require the filing or use of uniform forms of such instruments. Such subscribers at such exchange may provide by agreement that the premium or premium deposit specified in the policy contract on all forms of insurance except life shall constitute their entire liability through the exchange if the free surplus of such exchange is equal to the minimum capital stock and minimum surplus

required of a stock company transacting the same kinds of business. If a Certificate of Authority is issued as provided by Article 19.10 and Article 2.20, the power of attorney or other authority executed by the subscribers at any such exchange shall provide that such subscribers at such exchange shall be liable, in addition to the premium or premium deposit specified in the policy contract, to a contingent liability equal in amount to one (1) additional annual premium or premium deposit. Such last mentioned provision may be eliminated while the free surplus of such exchange is equal to the minimum capital stock and minimum surplus required of a stock company transacting the same kinds of business as affected by Section 5 of Article 1.10 of this Code. When any such subscribers and their attorney in fact shall be authorized to issue policies for cash premiums only, in pursuance of the authority of this Article, it may waive all contingent premiums set forth in policies then outstanding.

"If up to the time of the effectiveness of this Act such subscribers and their attorney in fact were authorized to write non-assessable policies in Texas under the provisions of this Code, such subscribers and their attorney in fact shall not be denied such authority by reason of provisions which are contained herein that were not contained in this Insurance Code immediately prior to the effective date of this Act, so long as such company is complying with Article 2.20 of this Code as added by this Act."

"4. The location of the office or offices from which such contracts or agreements are to be issued.

"5. Such other information as may be prescribed by the Board, including the affidavit or affidavits provided by Article 2.05.

"Such subscribers and their attorney in fact shall be subject to the provisions of Article 2.01 and of Article 2.04 of this Code, except that:

"(a) The declaration of subscribers shall be in lieu of Articles of Incorporation; and

"(b) Free surplus shall constitute capital structure within the meaning of Article 2.01; and each reference to capital stock shall refer to surplus."

Sec. 46. That Article 19.06 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 19.06. Financial Requirements. There shall be maintained at

all times a surplus over and above all liabilities equal to the minimum capital stock and surplus required of a stock insurance company transacting the same kinds of business.

"There shall be maintained at all times such reserves as are required, or which, by the laws of this State or by the lawful rules and regulations of the Board of Insurance Commissioners, hereafter may be required, to be maintained by stock insurance companies transacting the same kind or kinds of insurance business.

"The required assets of such exchanges shall be maintained as to minimum surplus requirements as provided in Article 2.08 of this Code, and as to other funds, as provided in Article 2.10 of this Code.

"If fidelity and surety bond insurance is exchanged in this State by any reciprocal exchange, there shall be kept on deposit with the State Treasurer of Texas, money, bonds, or other securities in an amount not less than Fifty Thousand (\$50,000.00) Dollars. Such securities as described in Article 2.10 of this Code shall be approved by the Board of Insurance Commissioners, and this amount shall be kept intact at all times. Any foreign exchange writing fidelity and surety bonds in this State shall file with the Board of Insurance Commissioners evidence, satisfactory to the Board of Insurance Commissioners, that it has on deposit with the State Treasurer or other proper officials of its home state or in escrow under his supervision and control in some reliable bank or trust company One Hundred Thousand (\$100,000.00) Dollars or more, in money, bonds or other securities as described in Article 2.10 of this Code for the protection of its policyholders; provided, further, that if said bonds and securities herein referred to are not acceptable to and approved by the Board of Insurance Commissioners of Texas, said Board shall have the right and authority to deny the attorney in fact a Certificate of Authority."

Sec. 47. That Article 19.10 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 19.10. Certificate of Authority. Such attorney by whom or through whom are issued any policies of or contracts for indemnity of the character referred to herein shall procure from the Board of Insurance Commissioners a Certificate of Authority as provided in Article 1.14,

and the provisions of Article 2.20 shall be applicable as well as to renewal Certificates of Authority."

Sec. 48. That Article 19.11 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 19.11. Fees and Taxes. The schedule of fees set out in Article 4.07 of this Code, so far as pertinent, shall apply to reciprocal exchanges and their attorneys in fact. Said exchanges shall be subject to the provisions of and pay the taxes and/or assessments levied by or assessed under the provisions of Article 7064 and of Article 7064a of the Revised Civil Statutes of Texas and of Article 4.02 and of Article 4.04 and of Article 5.12 and of Article 5.24 and of Article 5.49 and of Article 5.68 of this Code."

Sec. 49. That Article 19.12 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 19.12. Exemption from Insurance Laws with Limitations. Reciprocal or inter-insurance exchanges shall be exempt from the operation of all insurance laws of this State except as in this chapter specifically provided, or unless reciprocal or inter-insurance exchanges are specifically mentioned in such other laws. In addition to such articles as may be made to apply by other articles of this Code, reciprocal or inter-insurance exchanges shall not be exempt from and shall be subject to all of the provisions of Sec. 5 of Article 1.10 and of Article 1.15 and of Article 1.16 and of Article 5.35 and of Article 5.36 and of Article 5.37 and of Article 5.38 and of Article 5.39 and of Article 5.40 of this Code."

Sec. 50. That Article 21.39 of the Texas Insurance Code, 1951 as amended, be amended to be and read as follows:

"Art. 21.39. Calculation and Report of Reserve. Every insurance company which has for ten (10) years or more undertaken to insure persons, firms or corporations against loss or damage on account of the bodily injury or death by accident of any person, for which loss or damage said persons, firms or corporations are respectively responsible, shall, on or before the first day of October in each year, render to the Board a statement in writing of its business transacted in the United States, which shall show separately for each of the five (5)

calendar years constituting the first half of the period of ten (10) years next preceding the 31st day of December of the year in which the statement is made:

"1. The number of persons reported injured under all of its forms of liability policies, whether such injuries were reported to the home office of the company or to any of its representatives and whether such injury resulted in loss to the company or not.

"2. The amount that, on or before the 31st day of August of the year in which the statement is made, had been paid on account or in consequence of all injuries so reported, including therein all payments on suits arising from such injuries.

"3. The number of suits or actions under such policies on account of injuries reported which have been settled, either by payments or compromise.

"4. The amount paid in settlement of such suits or actions on or before the 31st day of August of the year when the statement is made, including therein all payments made on account or in consequence of injuries from which the suits arose, whether prior to or later than the date when the suits were brought. Every such company shall, in its financial statements hereafter made in this State, use the experience so ascertained for computing its outstanding losses under all of its forms of liability policies, irrespective of the date when the policies were issued. The average cost per suit of settling such cases, as computed by the data required in this article, shall be multiplied by the number of suits or actions pending on account of injuries reported prior to eighteen (18) months previous to the date on which the condition of the company is to be ascertained and shown, which suits or actions are being defended for or on account of a holder of any such policy, also the average cost on account of each injured person, determined as aforesaid from the company's experience, shall be multiplied by the number of injuries reported within the eighteen (18) months prior to making the statement of the company's condition, whether such injuries were reported to the home office of the company or to any of its representatives. From the sum of these products so ascertained there shall be deducted the amount of all payments made on account or in consequence of said in-

juries reported within eighteen (18) months, this amount so deducted to be taken as of the date at which the said statement is made. The sum remaining after making this deduction shall be charged as the liability of the company on account of outstanding losses. Any admitted company issuing liability contracts, which, by reason of its limited experience in liability underwriting, cannot furnish the information required by this article, shall, nevertheless, until it is able to comply with said requirements, be charged with a liability for outstanding losses upon all kinds of its liability policies an amount not less than the amount resulting from the following process:

"The number of suits or actions pending on account of injuries reported prior to eighteen (18) months previous to the date of making up the statement, whether such injuries were reported to the home office of the company or to any of its representatives, which are being defended on account of the holder of any policy, shall be multiplied by the average cost per suit as shown by the average experience of all other admitted liability companies ascertained from the data required by this article, also the number of injuries reported under said policies at any time within eighteen (18) months of making up the statement, whether reported to the home office of the company or to any of its representatives, and whether such injuries resulted in loss to the company or not, shall be multiplied by the average cost for each injured person as shown by the average of said experience of all other admitted liability companies, ascertained from the data required by this article. From the sum of these products there shall be deducted the amount of all payments made on account of or in consequence of said injuries reported within eighteen (18) months, this amount to be taken as of the date at which the statement is made. A sum not less than the amount remaining after this deduction shall be charged as a liability for outstanding losses to the liability company covered by the provisions of this paragraph. The average cost for suits and for injured persons required by this paragraph shall, on or before the 1st day of December of each year, be furnished by the Board to every such company which has not had an experience of ten (10) years in liability underwriting. Besides the reserve provided for in this

article, each such company shall be charged as a liability with all unpaid losses, of which the company received notice on or before December 31, and all other debts and liabilities. If the minimum surplus of any such company, computing its liability in accordance with the provisions of this Article shall be at any time impaired to a greater extent than that mentioned in Section 5 of Article 1.10, the Board shall give notice to the company to make good its surplus within sixty (60) days so that the impairment will not exceed the applicable per cent mentioned in said Section 5 of Article 1.10; and, if this is not done, it shall require the company to cease to do business within this State, and shall thereupon, in case the company is organized under the authority of this State, immediately institute legal proceedings to wind up the affairs of such company."

Sec. 51. That a new Article 21.44 be added to the Texas Insurance Code, 1951 as amended, to be and read as follows:

"Art. 21.44. Foreign Insurance Companies other than Life. No foreign insurance company other than one doing a life insurance business shall be permitted to do business within this State unless it shall have and maintain the minimum requirements of this Code as to capital or surplus or both, applicable to companies organized under this Code doing the same kind or kinds of insurance business."

Sec. 52. All laws or parts of laws that conflict herewith are to that extent hereby repealed and this Act shall prevail over any conflicting provisions of law.

Sec. 53. If any article, section, subsection, sentence, clause or phrase of this Act is for any reason held to be invalid or unconstitutional, such decision shall not affect the remaining portions or sections of this Act. And the Legislature hereby declares that it would have passed such section, subsection, sentence, clause or phrase, or portions of this Act as may be held valid and constitutional independently of such section, subsection, sentence, clause or phrase as may be held unconstitutional and invalid; and would have passed this Act, and such section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more of the sections, subsections, sentences, clauses or phrases should be declared unconstitutional.

Sec. 54. The fact that the present laws of this State do not provide for adequate capital and surplus of insurance companies and do not provide adequate safeguards for the protection of the public in the organization and operation of such companies creates an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each House be suspended; and such rule is hereby suspended and this Act shall take effect and be in force from and after its passage and it is so enacted.

The amendment was read and was adopted.

Senator Ashley offered the following amendment to the bill:

Amend Senate Bill 15, as amended, by striking section (c) of subsection 5 of Article 2.10 of Section 10 of Senate Bill 15 and substituting in lieu thereof the following:

"(c) No such insurance company shall invest any of its funds in stocks, bonds or other securities issued by a corporation if a majority of the stock having voting powers of such issuing corporation is owned, directly or indirectly by or for the benefit of one or more officers or directors of such insurance company; provided however, that any insurance company chartered by the Board of Insurance Commissioners to do a general fire and casualty insurance business and has been in continuous business operation for a period of five (5) years immediately prior to the passage of this Act may be excepted from the terms, provisions and regulations of this section (c) of subsection 5 of this Article upon approval of the Board of Insurance Commissioners."

The amendment was adopted by the following vote:

Yeas—17

Ashley	Lock
Colson	Martin
Fly	Moffett
Fuller	Moore
Hardeman	Parkhouse
Hazlewood	Rogers
Kazen	of Childress
Kelley	Strauss
Latimer	Wagonseller

Nays—11

Aikin	McDonald
Bracewell	Owen
Corbin	Phillips

Ratliff Secrest
Roberts Willis
Rogers of Travis

Absent—Excused

Lane Weinert
Shireman

On motion of Senator Martin, and unanimous consent, the caption was amended to confirm to the body of the bill as amended.

The bill, as amended, was passed to engrossment.

Senate Bill 15 on Third Reading

Senator Martin moved that Senate Rule 32 and the Constitutional rule requiring bills to be read on three several days be suspended and that Senate Bill No. 15 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—28

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Latimer	Strauss
Lock	Wagonseller
Martin	Willis
McDonald	

Absent—Excused

Lane Weinert
Shireman

The President then laid the bill before the Senate on its third reading and final passage.

The bill was read third time and was passed.

Presentation of Guests

Senator Roberts, by unanimous consent, presented Mr. and Mrs. N. E. Guynes and son of Sherman to the Members of the Senate.

Senate Bill 202 on Second Reading

Senator Fuller asked unanimous consent to suspend the regular order of business to take up for considera-

tion at this time on its second reading and passage to engrossment S. B. No. 202.

There was objection.

Senator Fuller then moved to suspend the regular order of business and take up S. B. No. 202 at this time.

The motion prevailed by the following vote:

Yeas—26

Aikin	Moore
Ashley	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Latimer	Strauss
Lock	Wagonseller
McDonald	Willis
Moffett	

Nays—1

Bracewell

Absent

Martin

Absent—Excused

Lane Weinert
Shireman

The President laid before the Senate on its second reading the following bill:

S. B. No. 202, A bill to be entitled "An Act amending Article 8274, Revised Civil Statutes of Texas, 1925, same being Acts, 1866, pages 14, 15; General Laws, Volume 5, page 932; Acts, 1879, page 99; General Laws, Volume 8, page 1399, relating to the rate of pilotage, etc., and declaring an emergency."

The bill was read second time.

Senator Fuller offered the following committee amendment to the bill:

Amend Senate Bill No. 202, Section 1, after the word "State" by striking out the following words "with the exception of the Port of Galveston."

The committee amendment was adopted.

On motion of Senator Fuller and by unanimous consent the caption was

amended to conform to the body of the bill, as amended.

The bill, as amended, was passed to engrossment.

Senate Bill 202 on Third Reading

Senator Fuller moved that Senate Rule 32 and the Constitutional rule requiring bills to be read on three several days be suspended and that Senate Bill No. 202 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—27

Aikin	Moffett
Ashley	Moore
Colson	Owen
Corbin	Parkhouse
Fly	Phillips
Fuller	Ratliff
Hardeman	Roberts
Hazlewood	Rogers
Kazen	of Childress
Kelley	Rogers of Travis
Latimer	Secrest
Lock	Strauss
Martin	Wagonseller
McDonald	Willis

Nays—1

Bracewell

Absent—Excused

Lane Weinert
Shireman

The President then laid the bill before the Senate on its third reading and final passage.

The bill was read third time and was passed by the following vote:

Yeas—27

Aikin	Moffett
Ashley	Moore
Colson	Owen
Corbin	Parkhouse
Fly	Phillips
Fuller	Ratliff
Hardeman	Roberts
Hazlewood	Rogers
Kazen	of Childress
Kelley	Rogers of Travis
Latimer	Secrest
Lock	Strauss
Martin	Wagonseller
McDonald	Willis

Nays—1

Bracewell

Absent—Excused

Lane Weinert
Shireman

Senate Bill 298 on Second Reading

On motion of Senator Kelley, and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

S. B. No. 298, A bill to be entitled "An Act authorizing the Commissioners' Court of Cameron County to issue bonds, time warrants and certificates of indebtedness, payable from the Constitutional Road and Bridge Fund of the County, and to levy and collect taxes in payment therefor, for the purpose of acquiring right-of-way for designated state highways and for such other road and bridge purposes that may now be authorized by law, etc., and declaring an emergency."

The bill was read second time and passed to engrossment.

Senate Bill 298 on Third Reading

Senator Kelley moved that Senate Rule 32 and the Constitutional rule requiring bills to be read on three several days be suspended and that Senate Bill No. 298 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—28

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Latimer	Strauss
Lock	Wagonseller
Martin	Willis
McDonald	

Absent—Excused

Lane Weinert
Shireman

The President then laid the bill before the Senate on its third reading and final passage.

The bill was read third time and was passed by the following vote:

Yeas—28

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Latimer	Strauss
Lock	Wagonseller
Martin	Willis
McDonald	

Absent—Excused

Lane	Weinert
Shireman	

Senate Bill 212 on Second Reading

On motion of Senator Aikin and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

S. B. No. 212, A bill to be entitled "An Act to carry into effect Section 63 of Article XVI of the Constitution of Texas, to provide for credit to members of either the Teacher Retirement System or the Employees Retirement System of Texas for service rendered as either a teacher or person employed in the public schools, colleges, or universities of the State, or as an appointive officer or employee of the State, for retirement benefits under both of said Systems, and declaring an emergency."

The bill was read second time and passed to engrossment.

Senate Bill 212 on Third Reading

Senator Aikin moved that Senate Rule 32 and the constitutional rule requiring bills to be read on three several days be suspended and that Senate Bill No. 212 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—26

Aikin	Hardeman
Ashley	Hazlewood
Bracewell	Kazen
Colson	Kelley
Corbin	Latimer
Fly	Lock
Fuller	McDonald

Moffett	Rogers
Moore	of Childress
Owen	Rogers of Travis
Parkhouse	Secrest
Phillips	Strauss
Ratliff	Willis
Roberts	

Absent

Martin	Wagonseller
--------	-------------

Absent—Excused

Lane	Weinert
Shireman	

The President then laid the bill before the Senate on its third reading and final passage.

The bill was read third time and was passed by the following vote:

Yeas—27

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Latimer	Strauss
Lock	Wagonseller
McDonald	Willis

Absent

Martin

Absent—Excused

Lane	Weinert
Shireman	

Message from the House

Hall of the House of Representatives,
Austin, Texas,
March 14, 1955.

Hon. Ben Ramsey, President of the Senate.

Sir: I am directed by the House to inform the Senate that the House has passed the following:

H. B. No. 42, "amending House Bill 599, Chapter 260, Acts of the Fifty-second Legislature at its Regular Session, 1951, by amending Section 3, and adding Sections 28, 29, 30, 31, 32, and 33."

Respectfully submitted,

DOROTHY HALLMAN,
Chief Clerk, House of Representatives.

Reports of Standing Committees

Senator Fly, by unanimous consent, submitted the following reports:

Austin, Texas,
March 14, 1955.

Hon. Ben Ramsey, President of the Senate.

Sir: We, your Committee on Counties and County Boundaries, to whom was referred S. B. No. 353, have had the same under consideration, and we are instructed to report it back to the Senate with the recommendation that it do pass and be printed.

FLY, Chairman.

Austin, Texas,
March 14, 1955.

Hon. Ben Ramsey, President of the Senate.

Sir: We, your Committee on Counties and County Boundaries, to whom was referred S. B. No. 351, have had the same under consideration, and we are instructed to report it back to the Senate with the recommendation that it do pass and be not printed.

FLY, Chairman.

**Committee Substitute
Senate Bill 25 on Second Reading**

On motion of Senator Willis and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

C.S.S.B. No. 25, A bill to be entitled "An Act providing for the assessment and collection of a fee in divorce cases filed in counties having a population of more than 350,000 inhabitants according to the last preceding Federal Census; providing that such moneys collected shall be placed in a separate fund to be used for the purpose of helping defray the cost of maintaining the Child Support Office in the Probation Department of the county; and declaring an emergency."

The bill was read the second time.

Senator Willis offered the following amendment to the bill:

Amend Senate Bill No. 25 by deleting the words "Five Dollars (\$5.00)" wherever they occur in said bill and inserting in lieu thereof the words "Three Dollars (\$3.00)."

The amendment was adopted.

On motion of Senator Willis and by unanimous consent the caption was

amended to conform to the body of the bill as amended.

The bill, as amended, was passed to engrossment.

**Committee Substitute
Senate Bill 25 on Third Reading**

Senator Willis moved that Senate Rule 32 and the Constitutional rule requiring bills to be read on three several days be suspended and that C. S. S. B. No. 25 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—28

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Latimer	Strauss
Lock	Wagon seller
Martin	Willis
McDonald	

Absent—Excused

Lane	Weinert
Shireman	

The President then laid the bill before the Senate on its third reading and final passage.

The bill was read third time and was passed by the following vote:

Yeas—28

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Latimer	Strauss
Lock	Wagon seller
Martin	Willis
McDonald	

Absent—Excused

Lane	Weinert
Shireman	

Senate Bill 315 on Second Reading

On motion of Senator Moore, and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

S. B. No. 315, A bill to be entitled "An Act amending the Meat Inspection Law (Chapter 339, Acts of the 49th Legislature, 1945), by adding a new section authorizing the State Board of Health to fix, charge, and collect fees for inspection services performed by the State Health Department; providing for disposition and use of the funds collected; making an appropriation; and declaring an emergency."

The bill was read second time and passed to engrossment.

Senate Bill 315 on Third Reading

Senator Moore moved that Senate Rule 32 and the constitutional rule requiring bills to be read on three several days be suspended and that Senate Bill No. 315 be placed on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—26

Aikin	Martin
Ashley	Moffett
Bracewell	Moore
Colson	Owen
Corbin	Parkhouse
Fly	Phillips
Fuller	Ratliff
Hardeman	Roberts
Hazlewood	Rogers of Travis
Kazen	Secrest
Kelley	Strauss
Latimer	Wagonseller
Lock	Willis

Nays—1

McDonald

Absent

Rogers
of Childress

Absent—Excused

Lane
Shireman

Weinert

The President then laid the bill before the Senate on its third reading and final passage.

The bill was read third time.

Senator Aikin offered the following amendment to the bill:

Amend S. B. 315, adding the following:

The number of employees and the salary of each shall be fixed in the departmental appropriation bill.

The amendment was lost by the following vote (not receiving two-thirds vote of the Members present):

Yeas—14

Aikin	Lock
Ashley	Martin
Bracewell	Moffett
Colson	Owen
Fly	Parkhouse
Fuller	Ratliff
Hardeman	Rogers of Travis

Nays—13

Corbin	Roberts
Kazen	Rogers
Kelley	of Childress
Latimer	Secrest
McDonald	Strauss
Moore	Wagonseller
Phillips	Willis

Absent

Hazlewood

Absent—Excused

Lane
Shireman

Weinert

Senator Aikin offered the following amendment to the bill:

Amend S. B. 315, by adding at the end of Sec. 2, the following:

Provided however, the salaries and travel to be paid from fees provided in this Act shall not exceed those of similar positions in the departmental appropriations bill.

The amendment was adopted by the following vote:

Yeas—28

Aikin	Lock
Ashley	Martin
Bracewell	McDonald
Colson	Moffett
Corbin	Moore
Fly	Owen
Fuller	Parkhouse
Hardeman	Phillips
Hazlewood	Ratliff
Kazen	Roberts
Kelley	Rogers
Latimer	of Childress

Rogers of Travis Wagon seller
Secrest Willis
Strauss

Absent—Excused

Lane Weinert
Shireman

The bill, as amended, was finally passed by the following vote:

Yeas—28

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Latimer	Strauss
Lock	Wagon seller
Martin	Willis
McDonald	

Absent—Excused

Lane Weinert
Shireman

Senate Bill 351 on Second Reading

Senator Phillips moved that Senate Rules 13 and 32 and the Constitutional Rule requiring bills to be read on three several days be suspended and that S. B. No. 351 be placed on its second reading and passage to engrossment and on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—28

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hardeman	Rogers
Hazlewood	of Childress
Kazen	Rogers of Travis
Kelley	Secrest
Latimer	Strauss
Lock	Wagon seller
Martin	Willis
McDonald	

Absent—Excused

Lane Weinert
Shireman

The President then laid before the Senate on its second reading and passage to engrossment the following bill:

S. B. No. 351, A bill to be entitled "An Act validating Galveston County Navigation District No. 1; etc. and declaring an emergency."

The bill was read the second time and was passed to engrossment.

Senate Bill 351 on Third Reading

The Constitutional Rule requiring bills to be read on three several days having been suspended the President laid S. B. No. 351 before the Senate on its third reading and final passage.

The bill was read the third time and was passed by the following vote:

Yeas—26

Aikin	Moffett
Ashley	Moore
Bracewell	Owen
Colson	Parkhouse
Corbin	Phillips
Fly	Ratliff
Fuller	Roberts
Hazlewood	Rogers
Kazen	of Childress
Kelley	Rogers of Travis
Latimer	Secrest
Lock	Strauss
Martin	Willis
McDonald	

Nays—1

Hardeman

Absent

Wagon seller

Absent—Excused

Lane Weinert
Shireman

Adjournment

On motion of Senator Hardeman the Senate at 12:35 o'clock p. m. adjourned until 10:30 o'clock a. m. tomorrow.

In Memory of John Samon

Senator Rogers of Travis offered the following resolution:

(Senate Resolution 109)

Whereas, John Samon a, beloved and respected citizen of Austin, was called to his final rest on February 7, 1955, at the age of seventy, leaving a heritage of long and active service to his adopted country, state, and in particular to Travis and Bastrop Counties; and

Whereas, John Samon, who was born in Batroun, Lebanon, became a citizen of Texas in 1908 and was married to Miss Amelia Daywood, daughter of a pioneer Travis and Bastrop Counties family. He was a farmer-rancher in Bastrop County, Texas, and Anaheim, California, and a restaurant owner in Austin, Texas; and

Whereas, He spent his life in unheralded civic and religious projects for the betterment of his people, he traveled the length and breadth of Texas and California to aid his people, to encourage their more rapid assimilation of the American way of life, and worked unceasingly to encourage and abet their practice of the American ideals of freedom. He spent much time and effort to improve life for needy and delinquent children. He worked privately for many city projects, was a booster of the University of Texas, and aided in various community projects, and in building projects for many Catholic churches. He always shunned any public mention of his civic and religious projects; and

Whereas, He quietly mourned the death of his eldest son, who heroically gave his life in the Philippines in World War II; he saw two other sons serve their country with distinction and devotion. He was a founder and charter member of the American-Lebanon Association of Austin, a former member of the Chamber of Commerce of Austin, Texas, and of Anaheim, California, a member of the Knights of Columbus, and a member, for more than forty-five years, of St. Mary's Cathedral in Austin; and

Whereas, Mr. Samon, a devoutly religious man, was charitable to the unfortunate, generous to the needy, a comfort to the sick, a devoted friend to the helpless, a champion of his adopted country, a good father and husband to his family, and his passing is deeply mourned and is an irreparable loss to his relatives and friends; now, therefore, be it

Resolved by the Senate of Texas, That the loss of this esteemed citizen is a loss to the City of Austin and to the entire State, and that a page in today's Journal be dedicated to his memory and copies of this resolution be sent to the bereaved members of his family as a token of our sympathy; and be it further

Resolved, That when the Senate adjourns today, it do so in respect to the memory of Mr. John Samon.

ROGERS of Travis

Signed—Ben Ramsey, Lieutenant Governor; Aikin, Ashley, Bracewell, Colson, Corbin, Fly, Fuller, Hardeman, Hazlewood, Kazen, Kelley, Lane, Latimer, Lock, Martin, McDonald, Moffett, Moore, Owen, Parkhouse, Phillips, Ratliff, Roberts, Rogers of Childress, Secrest, Shireman, Strauss, Wagonseller, Weinert, Willis.

The resolution was read.

On motion of Senator Kazen the names of the Lieutenant Governor and all the Senators were added to the resolution as signers thereof.

The resolution was then adopted by a rising vote of the Senate.